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ABSTRACT

This guide and its accompanying videotape are designed to provide students with an overview of how Japan has become the second richest nation on earth, despite its small size and limited natural resources. Three activities emphasize key issues in the U.S.-Japanese relations, especially issues related to trade. Each activity uses student handouts and can be completed in one to three class periods. Activities include: (1) "Pacific Region Trade"; (2) "Weighing Options - A Case Study"; and (3) "Comparing Japanese and American Management Techniques." (EH)

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ED 413 273

HORIZONS

GUIDE FOR THE INSTRUCTOR PART II

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To the Instructor

Today the Far East and the United States are rapidly growing closer, economically and socially. This is happening so rapidly, in fact, that the potential influence of this region is such that many people are talking about a new age—a "Pacific century." Understanding the historical development and economic impact of the Pacific region is important for today's high school students. By the time they are ready to enter the work force, the Pacific region will have an even greater impact on the people in this country. The Close Up Foundation has developed this videotape to help students more fully comprehend the geography, history, and economics of the Pacific region.

About the Video

This eleven-minute videotape examines the importance of the Pacific region as an economic force. Focusing on Japan, *Pacific Horizons: Part 2* reviews how Japan, despite its small size and limited natural resources, has become the second richest nation on earth, with per capita income higher than the United States. The video points out the enormous importance of the bilateral trade relationship between the United States and Japan. And it explores why some American companies have failed to develop business in Japan and why others have succeeded. The video also raises key questions about trade between the United States and Japan.

About the Guide

This guide is designed to help your students understand key issues in U.S.-Japanese relations, especially issues related to trade. The guide is composed of three activities designed to take from one to three class periods to complete. Each activity uses student handouts that you can copy and distribute to everyone in your class. The guide includes additional suggestions for making this a successful and enjoyable learning experience. An outline of the guide follows:

- Activity 1: Pacific Region Trade
- Activity 2: Weighing Options—A Case Study
- Activity 3: Comparing Japanese and American Management Techniques

The teaching strategies and activities contained in the guide can be used in a variety of ways. Feel free to develop or adapt the activities to suit your teaching style, the needs of your students, and the amount of time you have to cover this topic.

Goals

The goals of this video package are to:

1. inform students that Japan is one of America's most important trading partners.
2. examine why the United States has a large trade deficit with Japan.
3. examine why some U.S. companies are succeeding in doing business in Japan.
4. review ways in which U.S. and Japanese manufacturers are working together.
5. consider the future of U.S.-Asian relations.

Student Activities

The activities are designed to provide a variety of educational experiences for your students. Please note that none of the activities follows a traditional lecture format. Rather, all activities involve class discussions using student handouts to establish a common base of knowledge. This active-learning approach forces students to go beyond mere recognition or knowledge of the facts to begin analyzing, synthesizing, and evaluating the issues and concepts under study.

Activity 1 identifies students' perceptions about trade between the United States and Japan. It also serves as a motivator for viewing the video. The "Teacher Background Notes" will help you correct students' misconceptions and supplement their knowledge. Activity 2 focuses on the issue of whether American industry should buy American-made steel rather than Japanese-made steel. Students will learn that every decision has both benefits and consequences. Activity 3 examines factors that helped Japan become an economic superpower. Students compare American and Japanese management techniques to determine the differences.

Tips on Leading Effective Class Discussions

All of the activities in this guide involve class discussion. Adhering to a few simple procedures will increase the effectiveness of your discussions. First, structure class discussions so they are really that—discussions, not just a dialogue between the teacher and a few students. Most students are so accustomed to seeing the teacher as the only source of knowledge in the classroom that they do not listen to other students. Make a special point of encouraging students to interact directly with each other rather than with you. The handouts should stimulate student debate, but it is up to you to keep debate orderly and to keep it moving.

Second, sequence your questions so that more students can participate. Use Bloom's Taxonomy to help you develop your questions. Sequencing is extremely important because it develops a concept or idea from rudimentary to more sophisticated.

Third, incorporate "wait time" into your discussion periods. Wait for all students to respond to a question, and if students cannot respond successfully, rephrase the question.

Activity 1

Pacific Region Trade

Introduction

Japan's success since World War II has been described as an economic miracle. In the last decade, this miracle has spread to other Pacific region nations including South Korea, Taiwan, Hong Kong, and Singapore—the so-called Four Tigers. Three other nations—Indonesia, Malaysia, and Thailand—have also emerged as important American trade partners.

The U.S. trade deficit with the Asian Pacific nations has become an important economic and political issue. Economists do not agree on what the long-term impact of the trade deficit on the U.S. economy will be. Some policymakers think that the deficit ultimately will harm the U.S. economy, while others maintain that the deficit is a sign that trade relations between the United States and Japan are healthy and thriving.

U.S. policymakers must decide how to respond to the economic challenges facing the nation. The fact is that Americans buy millions of dollars worth of Japanese-made products and many U.S. workers now work for Japanese-owned businesses. Also, U.S. companies do a major part of their business in Japan.

Objectives

After completing this activity, the student will be able to:

1. recognize differences between perception and reality regarding U.S.-Japanese trade.
2. discuss reasons for the large U.S. trade deficit with Japan.
3. list major U.S.-Japanese imports and exports.
4. interpret information from a chart.

Procedure

1. Distribute **Student Handout 1, What Do You Know About U.S.-Japanese Trade?** Ask students to mark each statement true or false without spending a great deal of time thinking about each item. Tell them to leave blank the space reserved for comments. Use this handout as a pretest to measure student perceptions about U.S.-Japanese trade.

2. After everyone has completed the pretest, show the video, *Pacific Horizons, Part 2.*

3. After students have seen *Pacific Horizons,* have them review their answers on the handout and revise them if necessary. Then, discuss the handout asking students to take notes in the "Comments" column. Refer to the **Teacher Background Notes for Activity 1** while leading this discussion.

4. Distribute **Student Handout 2, U.S.-Japanese Trade Relations**. Have students answer the questions at the end of the handout using the information on the chart. When they have finished, review their answers. Correct answers to these questions are on the **Teacher Background Notes for Activity 1**.

Additional Suggestions

1. Ask students to gather information on Japanese companies operating in your state. The State Department of Commerce or the regional office of the U.S. Department of Commerce can provide a list of Japanese-owned firms. Students should find out what cities these companies are located in, how many workers they employ, and what products they make. Ask them to speculate on the economic impact of these businesses on the state and community. Have them share their findings with the whole class.

2. Have students research why a particular Asian company decided to locate in your state. If they can, students may want to interview company and community officials to gather information. Or, they can write for information if unable to arrange a visit or interview. What problems did the community face when the company decided to locate there? What problems did the company have? How has the local community benefited? How has the foreign company benefited from the move? Students should discuss their findings with the whole class.

Teacher Background Notes for Activity 1

Answers for Student Handout 1

1. False. The United States is much larger. Japan is approximately the same size as California.
2. False. Japan's population is about half of the U.S. population.
3. True. Japan's GNP is slightly more than $2 trillion while the U.S. GNP is about $4.5 trillion.
4. True. Japan is one of America's largest markets, accounting for nearly 12 percent of total exports; but in 1989, Japan sold the United States almost $50 billion more than they bought from the United States.
5. True. Some members of Congress claim that Japan's complex rules and regulations make it very difficult for U.S. firms to do business in Japan.
6. True. Some Japanese believe that the United States has not invested enough in its industry, production machinery, or workers. Japanese also cite the high budget deficit and low saving rate in the United States.
7. False. Japanese workers are now among the highest paid workers in the world. They receive an average salary of about $18,000 compared with $16,000 for U.S. workers.
8. False. Japanese companies own nine of the world's ten richest banks. Japan controls about 30 percent of the world's total bank assets while the United States share has fallen to below 18 percent.
9. False. Despite Japan's growing investment in the United States, Great Britain owns twice as much as Japan in U.S. assets and the Netherlands owns nearly as much as Japan.

10. True. There has been tremendous growth in business partnerships between U.S. and Japanese firms. Many Japanese factories have been built in the United States and several U.S. companies have been very successful in Japan.
11. False. According to author David Halberstam, the winners will be the best educated.

Answers for Student Handout 2

1. Canada. Japan. Possible answers include: Many U.S. companies have subsidiaries in Canada; Canada's proximity to the United States keeps transportation costs low; liberal trade agreements between the United States and Canada encourage trade; some trade experts claim Japanese trade regulations make it difficult for U.S. companies to sell their goods in Japan.
2. United Kingdom and West Germany. No.
3. Answers will vary. Likely choices include: aircraft, chemicals, computers. Table 2 and Figure 3 show that these items sell well in Japan.
4. Answers will vary. Likely choices include: automobiles and electrical equipment such as stereos and televisions. Table 3 shows that these items sell well in the United States.
5. United States. Japan. Japan imports raw materials, converts them to finished goods, and resells them in the United States.
6. California. Possible answers include: California's high population provides adequate work force and large market; Pacific coast location lessens transportation costs; many Japanese companies were attracted to computer technology in "Silicon Valley" near San Jose.
7. Illinois, Michigan, Ohio. Possible answers include: Japanese automotive companies have been attracted to the Great Lakes area because of its steelmaking and automobile manufacturing history and its well-trained work force; Great Lakes location and established ports provide low-cost transportation of both raw materials and finished goods; many Japanese companies have established U.S. headquarters in Chicago.
   Georgia's cotton and textile industries have attracted Japanese investors and manufacturers; labor costs in southeastern United States are low.
8. Possible answers include: Pacific location of both states put them closer to Japan than other states; many Japanese-American citizens live in Hawaii; Japan has invested heavily in Hawaiian hotels, restaurants, and other tourist attractions; Japanese oil companies have established offices in Alaska; Japan has invested heavily in Alaska's fishing industry.
9. Nearly doubled. Doubled again. Possible answers include: Japanese companies are expanding into the United States because of U.S. demand for their goods and to avoid trade restrictions on imports; transportation costs are cheaper and markets are greater. The number of workers will probably continue to climb because there is a large demand for Japanese goods and Japanese banks are eager to invest money in the United States.
10. Antibiotics (students may also say radioactive chemical elements). Answers will vary but probably include electronic equipment such as stereos, TV equipment, radios, CD players, and so forth.

Activity 2

Weighing Options: A Case Study

Introduction

One of the industries in which Japan and other Asian nations are making significant inroads is steelmaking. During the Industrial Revolution, captains of industry such as Andrew Carnegie made the United States the world's leading industrial power. Carnegie used the newest technology to produce steel more efficiently than steelmakers in any other nation.

During World War II, U.S. industry became the "arsenal of democracy." Huge quantities of guns, warplanes, tanks, and ships—all made of steel—were produced. The United States emerged from World War II as the unchallenged industrial leader of the world.

In contrast, Japan was completely devastated by the war. Its economic recovery was largely due to American efforts. The United States encouraged Japan to develop export industries and sent advisers and technology to Japan to help it rebuild. One of the areas of greatest success was in the making of steel.

Today, steel mills in cities such as Pittsburgh, Pennsylvania, and Gary, Indiana, stand idle while U.S. manufacturing companies import huge quantities of Japanese steel for products ranging from heavy construction beams to automobiles and toasters. The decision to buy foreign-made steel rather than American-made steel—as with all economic decisions—has both costs and benefits.

Objectives

After completing this activity, the student will be able to:

1. recognize that every economic choice has both costs and benefits.
2. identify costs and benefits of buying steel from Japan.
3. identify costs and benefits of buying American-made steel.
4. analyze data and come to a decision.

Procedure

1. Begin this activity by discussing with students why steelmaking is one of America's most vital industries. Focus the discussion by asking, "Should the source of steel be an important concern to U.S. manufacturers? Why or why not?" Ask students to name uses of steel in American industry. List their responses on the board.

2. Distribute **Student Handout 3, Weighing the Options**. Point out that a handy device to help in decision-making is to weigh options by evaluating the costs and benefits of each option. Then, have students use the handout to analyze the question, "Should U.S. industries buy American-made steel or Japanese-made steel?" Encourage them to make both positive and negative judgments about each option.

   When they have finished the handout, ask them to explain their decisions in terms of the costs and benefits to certain individuals or groups. Encourage discussion among students with conflicting views. Use **Teacher Background Notes for Activity 2** to help keep the discussion moving.

Additional Suggestions

1. Extend the activity by organizing a classroom debate. Ask interested students to divide into two groups to debate the statement, "U.S. industries should buy American-made steel rather than foreign-made steel for manufacturing their products." Choose a student moderator to monitor time and keep the debate moving.

   After both sides have had a chance to state their views and present their rebuttals to the other side's arguments, ask the class which side was the most persuasive. Did the debate change any minds? Did any new arguments emerge that did not appear in the student handout?

2. Ask students to poll family members and schoolmates about their attitudes toward buying American-made versus foreign-made products. The pollsters should prepare a list of five to ten statements that allow the respondents to agree, disagree, or indicate no opinion. Statements should aim at discovering prevailing attitudes about American and foreign products and how those attitudes affect buying habits. The following are examples they might use:

   - It is good for the U.S. economy if Americans "buy American."
   - American-made products are equal to or better in quality than foreign-made products.
   - I am willing to pay slightly more for an American-made product than a foreign-made product.

After students have conducted the poll, they should compile the results and share them with the class. In a class discussion, ask students to draw conclusions based on the results of the poll.

Teacher Background Notes for Activity 2

Answers for Student Handout 3

Option 1: Buy American-made steel

Benefits

- saves jobs for American steelworkers
- may increase employment in U.S. steel industry
- will help keep trade deficit from becoming greater
- the United States should be economically independent
- a strong steel industry is essential to national security

Costs

- raises cost of all consumer products using steel
- subsidizes an industry that is not as efficient as its competition in Japan
- encourages the United States to use scarce resources to produce non-competitive goods
- Japan would have less money to invest in the United States
- Japan would probably buy fewer American products

Option 2: Buy Japanese-made steel

Benefits

- lowers cost of all consumer products using steel
- the United States could shift its resources to manufacturing goods in other areas where it could be more competitive
- lessens anti-American sentiment in Japan
- Japan would have more dollars to invest in the United States
- Japan would be encouraged to buy more American products

Costs

- increases unemployment in the U.S. steel industry
- increases economic dependency on Japan
- weakens national security
- will increase the trade deficit
- increases anti-Japanese sentiment in the United States

Activity 3

Comparing Japanese and American Management Techniques

Introduction

Japan has overtaken the United States as world leader in many industries. For years American banks controlled the largest portion of the world's banking assets. The United States was the world's leader in the electronics industry. The "Big Three" automakers—General Motors, Ford, and Chrysler—sold millions of cars with almost no competition from abroad. In the machine-tool industry and in the production of semiconductors, American firms dominated. Today the world's leader in all these fields is Japan.

How did this happen? Most social scientists cite five factors:

1. *U.S. aid to Japan.* After World War II, the United States provided aid to Japan, including technical assistance. Even today, the United States spends millions for Japan's defense.

2. *Support of Japanese government.* The Ministry of International Trade and Industry, a government agency that identifies industries vital to Japan's future, organizes and grants money to promising new industries and redirects failing industries into new, more productive fields. Links between business and government are so strong that some writers refer to this arrangement as "Japan, Inc."

3. *High level of education.* Japanese society places a high value on education. The Japanese are among the most literate people in the world. According to some experts, high school graduates in Japan have the equivalent of three to four more years of schooling than their American counterparts.

4. *High rate of saving.* The Japanese people have a three times higher rate of savings than Americans. Such savings provide a large pool of money for investment. Combined with the fact that its military budget consumes less than 1 percent of its GNP compared with 6 percent for the United States, Japan is able to invest heavily in new industries.

5. *Low prices of Japanese goods.* Until the appreciation of the Japanese yen in the 1970s, cheap consumer goods from Japan were flooding world markets. At the same time, Japan erected protectionist trade barriers to keep out foreign goods.

In addition to these factors, some experts point to Japan's managerial style as an advantage.

Objectives

After completing this activity, the student will be able to:

1. identify characteristics of Japanese and American management styles.
2. compare the two management styles.
3. discuss Japanese business practices using a primary source.

Procedure

1. Distribute **Student Handout 4, Toyota Spirit and Ideas.** Tell the class that the handout is a primary source and explain the difference between a primary and a secondary source. Allow students a few minutes to read the handout. Then, on one-half of a notebook page divided vertically, have students list the characteristics of Japanese management style that they picked up from the Toyota statement. On the other half, opposite each characteristic, ask them to write how they think American managers and workers might respond to that characteristic. Briefly discuss their findings. Do students agree with the philosophies of the Toyoda father and son? Do they see any differences in Japanese and American management styles?

   Then, allow ten to fifteen minutes for each student to develop and write a paragraph describing a management philosophy for an imaginary company that he or she will head. Students should choose what they think are the best from both countries and be prepared to defend their philosophies.

   Conclude by asking individuals to read their paragraphs. Stimulate discussion by asking for contrasting philosophies. How did they develop their philosophies? Did students blend management styles of both countries? Were students eager to adopt the Japanese philosophies or were they "loyal" to the American style?

2. Evaluate whether students understand the differences in management styles by giving them **Student Handout 5, Comparing Japanese and American Management Styles.** After everyone has completed the handout, discuss their answers. Refer to **Teacher Background Notes for Activity 3** while leading this discussion. Encourage discussion among students whose answers disagree. Conclude by asking them to speculate on whether they think U.S. companies will adopt the Japanese style. How

do they think American workers would respond to the Japanese style? Will Japanese management style always work in Japan, or is it possible that Japanese workers may eventually become more like U.S. workers and resist company rules.

Additional Suggestions

1. Ask students who are interested to further investigate the Japanese management style. Have them arrange a visit to a Japanese-owned company in your area to interview company managers about Japanese management. They should also try to interview American workers in Japanese-owned companies. Students should share their findings with the class.

2. Customs and traditions may affect business relations between people of different nations. Ask a group of students to research cultural differences between Americans and people from an Asian country, and then organize a role-playing activity. Perhaps there are students in your class or school or in your community whose backgrounds make them experts in such differences. Such experts are good resources for your students. Or, students may be able to find the information they want in the library.

   After the group has finished its research, ask them to plan and stage a role-playing activity in which business persons from the United States and their Asian country are trying to negotiate a business deal. Before beginning, they should alert the class to look for the cultural differences being portrayed. After the role-play, the players should field questions from their classmates and discuss the implications of cultural differences when doing business in foreign countries.

Teacher Background Notes for Activity 3

Answers for Student Handout 5

1. J
2. X
3. US
4. J
5. J
6. US
7. X
8. J
9. J
10. X
11. US
12. J
13. J
14. J
15. US

Student Handout 1

What Do You Know About U.S.-Japanese Trade?

Read each statement carefully and decide if it is true or false. Indicate your answer in the blank. Do not write in the "Comments" column until your teacher tells you.

Comments

___ **1.** Japan is about the same size as the United States in land area.

___ **2.** Japan has about the same population as the United States.

___ **3.** Japan has a higher gross national product (GNP) than the United States.

___ **4.** The United States imports much more from Japan than Japan does from the United States.

___ **5.** Some members of Congress believe that Japan is an unfair trade partner.

___ **6.** The Japanese believe that conditions in the United States are the principal cause of the trade imbalance.

___ **7.** Lower labor costs give Japan an edge over competitors.

___ **8.** The United States controls the largest portion of the world's banking assets.

___ **9.** Japan owns twice as much in American assets than all other foreign countries combined.

___ **10.** Despite problems, United States and Japanese manufacturers are working together.

___ **11.** The winners in the economic race in the 1990s will be the nations that are the strongest militarily.

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Student Handout 2

U.S.-Japanese Trade Relations

Table 1. Major Recipients of U.S. Exports

Recipient	U.S. Export Amounts *(in billions of dollars)*			Percentage of Total Exports
	1986	1987	1988	1988
Canada	$ 55.5	$ 59.8	$ 70.9	22.0%
Japan	26.9	28.2	37.7	11.7
Mexico	12.4	14.6	20.6	6.4
United Kingdom	11.4	14.1	18.4	5.7
West Germany	10.6	11.7	14.3	4.4
Total U.S. Exports to All Countries	$227.2	$254.1	$322.2	

Source: Commerce News, U.S. Department of Commerce

Table 2. U.S. Exports to Japan

Commodity	U.S. Exports to Japan *(in millions of dollars)*	
	1987	1988
Foodstuffs (meat, fish, grain)	$ 6,779	$ 9,558
Raw Materials (textile fibers, metals, wood)	5,645	7,302
Mineral Fuels (petroleum, coal)	1,395	1,639
Manufactured Products (chemicals, machinery, aircraft)	17,671	23,540
Total U.S. Exports to Japan	$31,490	$42,039

Source: Japan Ministry of Finance

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Table 3. U.S. Imports from Japan

Commodity	U.S. Imports from Japan *(in millions of dollars)*	
	1987	1988
Foodstuffs	$ 404	$ 335
Textiles and Textile Products	1,062	941
Chemical Goods	2,000	2,291
Nonmetallic Mineral Products	821	862
Metals and Metal Products (iron and steel)	4,102	4,646
Machinery and Equipments (automobiles, electrical equipment, integrated circuits)	69,493	73,915
Other Manufacturing	5,617	6,644
Total U.S. Imports from Japan	$83,499	$89,634

Source: Japan Ministry of Finance

***Figure 1. Japanese Factory Sites in United States* (as of May 1988)**

Source: JETHRO Survey

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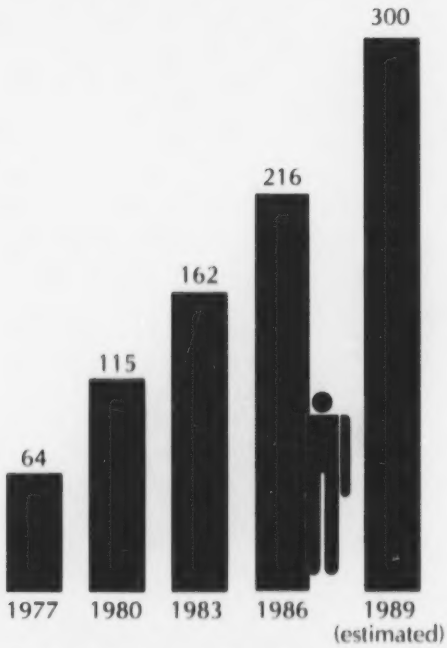

***Figure 2. Number of Americans Employed by Japanese Firms* (in thousands)**

Source: Survey of Current Business: U.S. Department of Commerce

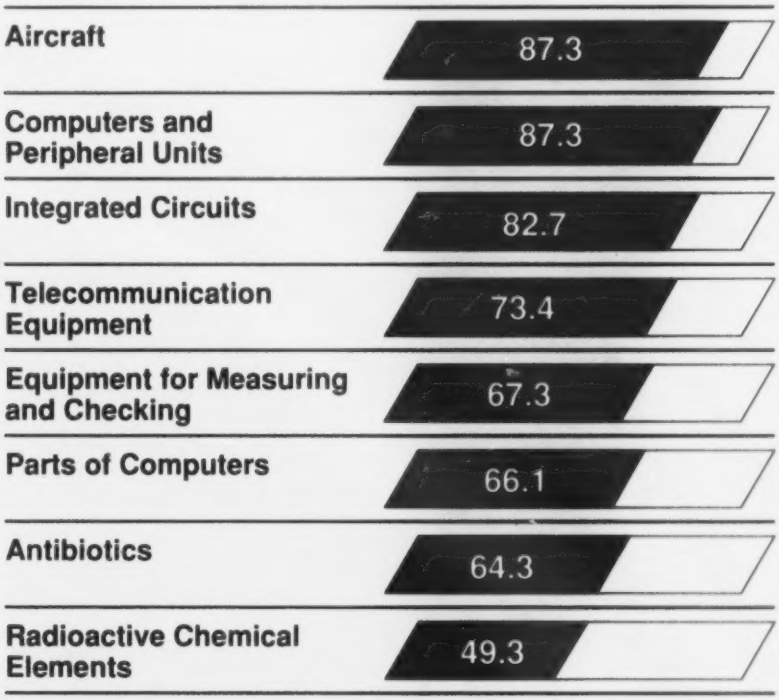

***Figure 3. U.S. Share of Japanese Import Market (1988)* (percentage of total share)**

Source: Japan Ministry of Finance

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Using the information above, answer the following questions.

1. Based on Table 1, which country is America's best customer? Which is second best? How do you account for the fact that Canada buys twice as much from the United States as Japan but has only about one-fifth the population of Japan?

2. Which two major recipients of U.S. trade are not part of the Pacific region? Together, do they buy as much from the United States as Japan?

3. Based on Table 2 and Figure 3, if you were a salesperson for a U.S. company calling on Japanese customers, what product would you most like to sell? Explain your answer.

4. Based on Table 3, if you were a salesperson for a Japanese company calling on U.S. customers, what product would you most like to sell? Explain your answer.

5. Based on Tables 2 and 3, which nation sells the most raw materials and unfinished commodities? Which sells the most finished commodities? What conclusions can you draw from your answer?

6. Based on Figure 1, which state has the most Japanese companies? How do you account for this?

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7. Three Great Lakes states have more than forty Japanese companies each. What are they? Why would Japanese companies be attracted to these states? Speculate on why Georgia—a southeastern state—has a large number of Japanese companies.

8. Alaska and Hawaii, both quite small in population, have a sizable number of Japanese companies. How do you account for this?

9. Based on Figure 2, what happened to the number of U.S. workers employed by Japanese companies between 1977 and 1980? What happened again between 1980 and 1986? Speculate on why there has been such a large change in the last ten years. Do you think the number will continue to change? Explain your answer.

10. Based on Figure 3, what U.S. product having more than a 50 percent share of the Japanese market would not be considered hardware? Speculate on which Japanese exports to the United States you think might make up more than a 50 percent share of the U.S. market.

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Student Handout 3

Weighing the Options

Read the following question and list costs and benefits for each option.

Should U.S. industries buy American-made steel or Japanese-made steel?

Option 1: Buy American-made steel

Benefits	Costs
1.	1.
2.	2.
3.	3.

Option 2: Buy Japanese-made steel

Benefits	Costs
1.	1.
2.	2.
3.	3.

What decision would you make? Why?

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Student Handout 4

Toyota Spirit and Ideas

The following statements reflect the corporate spirit originally spoken by Sakaichi Toyoda (1867-1930) and his son Kiichiro Toyoda (1894-1952).

1. Do Not Fear Failure. There have been . . . many battles hard fought and skirmishes half won. For the most part, there have been more failures than successes. Try never to make the same mistake twice. Do anything you want. But remember that you ultimately bear the responsibility for your actions.

2. Practice Over Theory. My father also used to say, "How can you expect to do your job without getting your hands dirty?" and "No engineer is worthy of the name who doesn't have to wash his hands at least three times a day!"

3. Constant Efforts. I am not particularly blessed with any more creative talent than anyone else; what I have accomplished came from constant efforts. It upsets me when people ignore all my hard work and attribute everything to genius.

4. Challenge. It has been almost thirty years since Japanese companies began to make automobiles, but Japanese automakers have by no means reached the level of the United States, and we have much to learn. And yet the U.S. already looks upon us as a challenge. If the United States considers us a challenger, then certainly we must look at ourselves in that light and demonstrate our abilities to the fullest. But in doing so we must not just learn from others and copy them. That would merely result in being overwhelmed by the competition. We must produce superior automobiles, and we can do it with creativity, resourcefulness, and wisdom—plus hard work. Without this creativity, resourcefulness, hard work, and the willingness to face adversity, we will crumple and fall under the new pressures.

5. Good Thinking, Good Products. The most important quality we expect from Toyota workers is that they give full play to their creative inventiveness. Progress is made only through great effort. After the Second World War, Germany was still undergoing tremendous reconstruction and development. Germany had a scarcity of natural resources. They realized that they had to be more creative than workers in other countries if they were to develop the technology needed to compete on world markets. But Japan is

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worse off than Germany. Japan is completely lacking in resources and is geographically distant from sources of raw materials. Even more so than the Germans, therefore, the Japanese must be creative, must refine their technology.

6. The Power to Think. Society has reached the point where one can push a button and be immediately deluged with technical and managerial information. . . . If one is not careful there is a danger of losing the ability to think; we must remember that in the end it is the individual human being who must solve problems. . . . Although there are advantages in being able to do things with less effort, there is also the danger of losing the ability to use one's own eyes and ears to make direct observations and to perceive fine points that do not always appear in data.

7. The Job Site. Scholars and engineers do not make automobiles. Workers do—workers who learn technology and then apply themselves directly in sweat and grime to the job of producing cars. As Kiichiro Toyoda told Shoichi Saito, who had then just joined Toyota, there was one quick way to learn about the business: "Go stand in the plant!"

8. Work Force Reduction. If our new system is introduced successfully it will become possible when production is cut 30 percent, for example, to also reduce the work force for that production 30 percent. But if our workers are assigned to one fixed task it becomes impossible to shift them flexibly when production has to be cut. Only the introduction of flexibility into the assigning of work duties makes it possible to achieve a work force reduction in the real sense (without lay-offs).

9. Be Willing to Make an All-Out Effort. We can be successful at Toyota only when we do something better than our competitors. . . . Our attitude certainly must not be just to aim for the average—if we do that, we will surely fail. . . . In any company, of course, it is not possible to have everyone continually making an all-out effort. . . . But I think we always need a certain amount of this spirit. If, for example, 30 percent of our employees approach their work with this all-or-nothing spirit, perhaps 10 percent will be successful and produce something truly outstanding. Meanwhile, those who fail will learn from their experiences, and our company will continue to be able to produce superior products.

10. Try a Hundred Times. Whenever I ran into an especially knotty problem, I learned to turn my mind completely to it and make an even greater effort than usual to resolve it. If it meant running tests, I'd try a hundred times if necessary. Strangely, people generally give up trying to resolve a problem after they're already about 80 percent of the way toward success. But I've found that if you turn yourself completely to a problem, there is a good chance you will resolve it totally. That is why I like to stay with a problem to the end. It bothers me to think that if I give up halfway, all my efforts to that point will be for naught.

11. The Door to All Work. Safety is the door to all work—be sure to pass through this door every day.

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12. *Shu*Ha*Ri.* Kendo and the game of Go make use of the three basic concepts of *Shu, Ha,* and *Ri. Shu* means to absorb all the basic knowledge thoroughly. *Ha* means to try an approach different from the approaches one has used previously. *Ri* means to develop new approaches, which are uniquely one's own. The same concepts can also be applied in work. Your minds should be flexible in order to absorb whatever new knowledge is made available. You should approach your work with a burning conviction to do well. And you should always seek to create products, with your own hands, which will be useful to society.

13. A Product Approved by All. A product must be given full approval by all who use it, and afterward the engineer who produced it must check it completely again. Only then can he have any real self-confidence. The strengths and weaknesses of an automobile are not found in catalogs. A driver can tell a good car by its feel. . . . Thus before marketing a car, we must test it and drive it under all possible conditions. No matter what language a customer speaks, if he is provided with a car that is totally reliable and truly superior in every respect, he will recognize its worth—and he will give it his enthusiastic approval.

14. Open the Window. Open the window and look outside. It's a big world out there!

15. The Five Main Principles of Toyoda. Always be faithful to our duties, thereby contributing to the Company and to the overall good. Always be studious and creative, striving to stay ahead of the times. Always be practical and avoid frivolousness. Always strive to build a homelike atmosphere at work that is warm and friendly. Always have respect for God, and remember to be grateful at all times.

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Student Handout 5

Comparing Japanese and American Management Styles

Read each of the following statements. If the statement is a characteristic of Japanese management, mark *J* in the space. If it is a characteristic of American management, mark *US* in the space. If it is common to both countries, mark *X* in the space.

____ **1.** A person, not a skill, is hired.

____ **2.** Employees are expected to be loyal to their employer.

____ **3.** Corporations often have to contend with strong unions.

____ **4.** Workers are members of a team, and team players are honored.

____ **5.** The education system generates a high level of capable, average workers.

____ **6.** The education system creates a brilliant elite.

____ **7.** Individuals are praised for their creativity.

____ **8.** Design engineers are expected to get their hands dirty in the actual production process.

____ **9.** Workers are encouraged to try new ideas.

____ **10.** Workers should work hard and give 100 percent effort.

____ **11.** Each worker is assigned a fixed task.

____ **12.** Work duties should be flexible rather than fixed.

____ **13.** A product should be checked and rechecked many times to ensure that it is superior.

____ **14.** The work place should be warm and friendly like a home.

____ **15.** Inflexible assignment of work duties makes it difficult to reduce work force without layoffs.

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